

BOONE COUNTY COMMUNITY ORGANIZATION ASSOCIATION, INC.

FINANCIAL STATEMENTS - MODIFIED CASH BASIS

June 30, 2011

With Independent Auditor's Report Thereon

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BOONE COUNTY COMMUNITY ORGANIZATION ASSOCIATION, INC.

Financial Statements - Modified Cash Basis

June 30, 2011

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Independent Auditor's Report

The Board of Directors
Boone County Community Organization Association, Inc.:

I have audited the accompanying statement of assets, liabilities and net assets - modified cash basis of Boone County Community Organization Association, Inc. (the "Association") (a nonprofit organization) as of June 30, 2011, and the related statement of support, revenue, expenses and changes in net assets - modified cash basis for the year then ended. These financial statements are the responsibility of the Association's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of the Association as of June 30, 2011, and its support, revenue and expenses for the year then ended, on the basis of

accounting described in note 1.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 18, 2011, on my consideration of the Association's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my

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A handwritten signature in black ink that reads "David L. Howell, CPA". The signature is written in a cursive, flowing style.

David L. Howell, CPA
Cabin Creek, West Virginia
November 18, 2011

BOONE COUNTY COMMUNITY ORGANIZATION ASSOCIATION, INC.

Statement of Assets, Liabilities, and Net Assets - Modified
Cash Basis

June 30, 2011

Assets

Current Assets:

Cash \$ 846,241

Restricted current assets:

Cash 305,082

Total Current Assets 1,151,323

\$ 1,151,323

Liabilities and Net Assets

Liabilities:

Payroll taxes withheld and accrued \$ 61,737

Net Assets 1,089,586

\$ 1,151,323

BOONE COUNTY COMMUNITY ORGANIZATION ASSOCIATION, INC.

Statement of Support, Revenue, Expenses and Changes in Net Assets -
Modified Cash Basis

Year Ended June 30, 2011

| | CSBG | Title III-B | Title III-C | Title III-D |
|----------------------------------------------------------------|--------------------|----------------|----------------|----------------|
| Support and Revenue: | | | | |
| Federal | \$ 29,696 | 57,360 | 232,898 | - |
| State | - | 9,325 | - | - |
| Medicaid | - | - | - | - |
| Medicaid waiver | - | - | - | - |
| Boone County Commission | 5,000 | - | 36,500 | - |
| County tax levy | - | - | - | - |
| Project income | - | 8,565 | 47,912 | - |
| In-kind | - | 5,821 | - | - |
| Interest | - | - | - | - |
| Other | - | - | - | - |
| Total support and revenue | 34,696 | 81,071 | 317,310 | - |
| Expenses: | | | | |
| Salaries | 38,311 | 45,749 | 60,576 | - |
| Fringe benefits | 489 | 11,864 | 7,082 | - |
| Payroll taxes | 4,458 | 5,553 | 7,560 | - |
| In-kind | - | 5,821 | - | - |
| Budget digest | - | - | - | - |
| Accounting and audit | - | 1,200 | - | - |
| Contracted services | - | 2,253 | - | - |
| Equipment | - | 93 | - | - |
| Insurance | - | 5,170 | - | - |
| Materials and supplies | - | - | - | - |
| Health care provider tax | - | - | - | - |
| Telephone | - | - | 1,235 | - |
| Postage | - | - | - | - |
| Dues and registration | - | - | - | - |
| Office supplies | - | 841 | - | - |
| Food and products | - | - | 148,145 | - |
| Health fair | - | - | - | - |
| Travel | 28 | 745 | 298 | - |
| Employee Training | - | - | - | - |
| Fuel and maintenance - vehicles | - | 968 | - | - |
| Miscellaneous | - | - | 1,203 | - |
| Emergency assistance | - | - | - | - |
| Total expenses | 43,286 | 80,257 | 226,099 | - |
| Excess of support and revenue over (under) expenses | (8,590) | 814 | 91,211 | - |
| Net assets, beginning | (24,590) | 1,187 | 159,867 | (1,374) |
| Net assets, ended | \$ (33,180) | 2,001 | 251,078 | (1,374) |

See accompanying notes to financial statements.

BOONE COUNTY COMMUNITY ORGANIZATION ASSOCIATION, INC.

Statement of Support, Revenue, Expenses and Changes in Net Assets -
Modified Cash Basis (Continued)

Year Ended June 30, 2011

| | Title III-E | Title III-F | LIFE | Shine |
|----------------------------------------------------------------|----------------|----------------|----------------|----------------|
| Support and Revenue: | | | | |
| Federal | 11,055 | 2,148 | - | 8,750 |
| State | - | 220 | 180,214 | - |
| Medicaid | - | - | - | - |
| Medicaid waiver | - | - | - | - |
| Boone County Commission | - | - | - | - |
| County tax levy | - | - | - | - |
| Project income | - | - | - | - |
| In-kind | 3,759 | 378 | - | - |
| Interest | - | - | - | - |
| Other | - | 570 | - | - |
| Total support and revenue | 14,814 | 3,316 | 180,214 | 8,750 |
| Expenses: | | | | |
| Salaries | 10,257 | - | 82,252 | 5,368 |
| Fringe benefits | 2,354 | - | 14,285 | 487 |
| Payroll taxes | 1,764 | - | 10,737 | 631 |
| In-kind | 3,758 | 378 | - | - |
| Budget digest | - | - | - | - |
| Accounting and audit | - | - | 5,800 | - |
| Contracted services | - | - | 7,138 | - |
| Equipment | - | - | - | - |
| Insurance | - | - | 16,050 | - |
| Materials and supplies | - | - | - | - |
| Health care provider tax | - | - | - | - |
| Telephone | - | - | 7,201 | - |
| Postage | - | - | 990 | - |
| Dues and registration | - | - | 957 | - |
| Office supplies | - | - | 1,803 | - |
| Food and products | - | - | 19,500 | - |
| Health fair | - | 4,090 | - | - |
| Travel | - | - | 6,064 | - |
| Employee Training | - | - | - | - |
| Fuel and maintenance - vehicles | - | - | 12,768 | - |
| Miscellaneous | - | - | - | - |
| Emergency assistance | - | - | - | - |
| Total expenses | 18,133 | 4,468 | 185,545 | 6,486 |
| Excess of support and revenue over (under) expenses | (3,319) | (1,152) | (5,331) | 2,264 |
| Net assets, beginning | (6,288) | 163 | 26,460 | (3,243) |
| Net assets, ended | (9,607) | (989) | 21,129 | (979) |

BOONE COUNTY COMMUNITY ORGANIZATION ASSOCIATION, INC.

Statement of Support, Revenue, Expenses and Changes in Net Assets -
Modified Cash Basis (Continued)

Year Ended June 30, 2011

| | Medicaid Waiver | Medicaid | Lighthouse | United Way |
|----------------------------------------------------------------|--------------------|-----------------|----------------|---------------|
| Support and Revenue: | | | | |
| Federal | - | - | - | - |
| State | - | - | 149,163 | - |
| Medicaid | - | 131,272 | - | - |
| Medicaid waiver | 388,231 | - | - | - |
| Boone County Commission | - | - | 12,000 | - |
| County tax levy | - | - | - | - |
| Project income | - | - | - | - |
| In-kind | - | - | - | - |
| Interest | - | - | - | - |
| Other | - | - | 14,661 | 8,549 |
| Total support and revenue | 388,231 | 131,272 | 175,824 | 8,549 |
| Expenses: | | | | |
| Salaries | 309,500 | 131,811 | 113,316 | - |
| Fringe benefits | 20,904 | 13,948 | - | - |
| Payroll taxes | 39,003 | 16,430 | 13,614 | - |
| In-kind | - | - | - | - |
| Budget digest | - | - | - | - |
| Accounting and audit | - | - | - | - |
| Contracted services | 207 | 200 | - | - |
| Equipment | - | - | - | - |
| Insurance | 566 | 318 | - | - |
| Materials and supplies | 370 | 133 | 150 | - |
| Health care provider tax | - | - | - | - |
| Telephone | 828 | 627 | - | - |
| Postage | 250 | 250 | - | - |
| Dues and registration | - | - | - | - |
| Office supplies | 380 | 295 | - | - |
| Food and products | - | - | - | - |
| Health fair | - | - | - | - |
| Travel | 12,537 | 2,670 | 915 | - |
| Employee Training | 480 | 401 | 197 | - |
| Fuel and maintenance - vehicles | 229 | 35 | - | - |
| Miscellaneous | 51 | 722 | - | - |
| Emergency assistance | - | - | - | 4,438 |
| Total expenses | 385,305 | 167,840 | 128,192 | 4,438 |
| Excess of support and revenue over (under) expenses | 2,926 | (36,568) | 47,632 | 4,111 |
| Net assets, beginning | 277,941 | 137,701 | 145,829 | 21,579 |
| Net assets, ended | 280,867 | 101,133 | 193,461 | 25,690 |

See accompanying notes to financial statements.

BOONE COUNTY COMMUNITY ORGANIZATION ASSOCIATION, INC.

Statement of Support, Revenue, Expenses and Changes in Net Assets -
Modified Cash Basis (Continued)

Year Ended June 30, 2011

| | Neediest Cases | WIA | FAIR | Elder Abuse |
|----------------------------------------------------------------|-------------------|--------------|---------------|----------------|
| Support and Revenue: | | | | |
| Federal | - | - | - | 437 |
| State | - | - | - | - |
| Medicaid | - | - | - | - |
| Medicaid waiver | - | - | - | - |
| Boone County Commission | - | - | - | - |
| County tax levy | - | - | - | - |
| Project income | - | - | - | - |
| In-kind | - | - | - | - |
| Interest | - | - | - | - |
| Other | 12,959 | 2 | 74,420 | - |
| Total support and revenue | 12,959 | 2 | 74,420 | 437 |
| Expenses: | | | | |
| Salaries | - | - | 60,468 | - |
| Fringe benefits | - | - | 2,003 | - |
| Payroll taxes | - | - | 7,614 | - |
| In-kind | - | - | - | - |
| Budget digest | - | - | - | - |
| Accounting and audit | - | - | - | - |
| Contracted services | - | - | - | - |
| Equipment | - | - | - | - |
| Insurance | - | - | - | - |
| Materials and supplies | - | - | - | - |
| Health care provider tax | - | - | - | - |
| Telephone | - | - | - | - |
| Postage | - | - | - | - |
| Dues and registration | - | - | - | - |
| Office supplies | - | - | 50 | - |
| Food and products | - | - | - | - |
| Health fair | - | - | - | - |
| Travel | - | - | 41 | 437 |
| Employee Training | - | - | 171 | - |
| Fuel and maintenance - vehicles | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Emergency assistance | 12,958 | - | - | - |
| Total expenses | 12,958 | - | 70,347 | 437 |
| Excess of support and revenue over (under) expenses | 1 | 2 | 4,073 | - |
| Net assets, beginning | - | (242) | 49,589 | - |
| Net assets, ended | 1 | (240) | 53,662 | - |

BOONE COUNTY COMMUNITY ORGANIZATION ASSOCIATION, INC.

Statement of Support, Revenue, Expenses and Changes in Net Assets -
Modified Cash Basis (Continued)

Year Ended June 30, 2011

| | Transportation | General | Total |
|----------------------------------------------------------------|-----------------|-----------------|------------------|
| Support and Revenue: | | | |
| Federal | 2,594 | - | 344,938 |
| State | - | 41,683 | 380,605 |
| Medicaid | - | - | 131,272 |
| Medicaid waiver | - | - | 388,231 |
| Boone County Commission | - | 10,550 | 64,050 |
| County tax levy | - | 174,656 | 174,656 |
| Project income | - | - | 56,477 |
| In-kind | - | 100,876 | 110,834 |
| Interest | - | 903 | 903 |
| Other | - | 37,738 | 148,899 |
| Total support and revenue | 2,594 | 366,406 | 1,800,865 |
| Expenses: | | | |
| Salaries | 8,440 | 103,250 | 969,298 |
| Fringe benefits | 1,723 | 15,126 | 90,265 |
| Payroll taxes | 1,065 | 11,956 | 120,385 |
| In-kind | - | 100,876 | 110,833 |
| Budget digest | - | 83,556 | 83,556 |
| Accounting and audit | - | 1,850 | 8,850 |
| Contracted services | - | 20,494 | 30,292 |
| Equipment | - | 22,350 | 22,443 |
| Insurance | - | 7,086 | 29,190 |
| Materials and supplies | - | 433 | 1,086 |
| Health care provider tax | - | - | - |
| Telephone | - | 3,962 | 13,853 |
| Postage | - | - | 1,490 |
| Dues and registration | - | 626 | 1,583 |
| Office supplies | - | 2,670 | 6,039 |
| Food and products | - | 14,107 | 181,752 |
| Health fair | - | - | 4,090 |
| Travel | - | 1,291 | 25,026 |
| Employee Training | - | - | 1,249 |
| Fuel and maintenance - vehicles | - | 9,221 | 23,221 |
| Miscellaneous | - | 5,062 | 7,038 |
| Emergency assistance | - | 15,353 | 32,749 |
| Total expenses | 11,228 | 419,269 | 1,764,288 |
| Excess of support and revenue over (under) expenses | (8,634) | (52,863) | 36,577 |
| Net assets, beginning | (18,781) | 287,211 | 1,053,009 |
| Net assets, ended | (27,415) | 234,348 | 1,089,586 |

BOONE COUNTY COMMUNITY ORGANIZATION ASSOCIATION, INC.

Notes to Financial Statements

Year Ended June 30, 2011

(1) Summary of Significant Accounting Policies

Organization

Boone County Community Organization Association, Inc. (the "Association") is a non-profit association organized to carry out community action programs which are generally funded by federal, state and local agencies. Grants received by the Association from funding agencies usually require compliance with prescribed grant conditions and other special requirements, including the furnishing of certain amounts of cash and noncash contributions. The Association provides services designed to combat problems of poverty and to seek elimination or reduction of conditions of poverty.

Basis of Presentation

The accounts of the Association are maintained, and the accompanying financial statements are presented on the Modified Cash Basis of accounting. The modified cash basis of accounting differs from generally accepted accounting principles since it requires support and revenue to be recorded when received rather than when earned and expenses to be recorded when paid rather than incurred, except that in-kind contributions are recorded as both support and expense in the year rendered. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

Income Tax Status

Under provisions of the Internal Revenue Code, Section 501C (3), and the applicable income tax regulations of the State of West Virginia, the Association is exempt from taxes on income other than unrelated business income. The Association had no net unrelated business income during the year ended June 30, 2011.

Property and Equipment

Property and equipment are recorded as expenses at the time of purchase.

BOONE COUNTY COMMUNITY ORGANIZATION ASSOCIATION, INC.

Notes to Financial Statements (Continued)

In-Kind Contributions

In-kind contributions for donated office space are recognized in the year rendered. Such contributions are recorded based upon estimated fair market rental rates.

(2) Cash

At June 30, 2011, Cash consisted of:

| | |
|-------------------------------|---------------------|
| Petty cash | \$ 1,100 |
| Checking and savings accounts | <u>1,150,223</u> |
| Total cash | <u>\$ 1,151,323</u> |

Certain cash amounts are restricted by grantors for use in specific programs according to program purposes. At June 30, 2011, such cash balances were restricted as follows:

| | |
|-----------------------|-------------------|
| Title III-B | \$ 24,758 |
| Title III-C | 232,455 |
| Title III-D | 793 |
| Title III-E | 8,683 |
| Title III-F | (4,451) |
| CSBG | (35,588) |
| LIFE | 28,016 |
| Respite | 53,657 |
| SHINE | 241 |
| Transportation | (27,415) |
| United Way | <u>23,933</u> |
| Total restricted cash | <u>\$ 305,082</u> |

The Association had \$1,151,323 on deposit with various banks, all of which was insured by FDIC or fully collateralized at June 30, 2011.

(4) Contingent Liabilities

The Association's programs are generally funded from federal, state, and local sources, principal of which are programs of the U.S. Department of Health and Human Services and the U.S. Department of Agriculture. Federal and state grants received for specific purposes are subject to audit and review by grantor agencies. Such audits and reviews could result in requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grants. The amount, if any, of expenditures which may be disallowed by grantor agencies cannot be determined at this time, although management believes such amounts, if any, to be immaterial.

BOONE COUNTY COMMUNITY ORGANIZATION ASSOCIATION, INC.

Notes to Financial Statements (Continued)

(5) Concentrations of Revenue Sources

Approximately 39% of the Association's total support is provided by Medicaid programs.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of Directors
Boone County Community Organization Association, Inc.:

I have audited the financial statements - modified cash basis of Boone County Community Organization Association, Inc. (the "Association") (a nonprofit organization) as of and for the year ended June 30, 2011, and have issued my report thereon dated November 18, 2011, which was qualified because the financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Association's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management, federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "David L. Howell, CPA". The signature is written in a cursive, flowing style.

David L. Howell, CPA
Cabin Creek, West Virginia
November 18, 2011

BOONE COUNTY COMMUNITY ORGANIZATION ASSOCIATION, INC.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

COMPLIANCE WITH LAWS AND REGULATIONS

NONE

QUESTIONED COSTS

NONE